

CORRECTED FISCAL NOTE

HB 2464 - SB 2771

March 16, 1998

SUMMARY OF BILL: Makes certain changes to the Property Tax Deferral Program, as follows:

- Increases the maximum income to qualify for deferral of property tax from \$12,000 to \$25,000;
- Increases the application fee from \$5 to \$6;
- Deletes the \$60,000 fair market value limit; and
- Changes the interest rate on deferred taxes to 6% instead of 10%.

ESTIMATED FISCAL IMPACT:

On February 7, 1998, we issued a fiscal note on this bill that indicated:

The fiscal impact of this bill is estimated to be a net decrease in first year local government revenues of \$982,200 and a net decrease in the second year of \$1,571,500. The impact is also estimated to be an increase in local government expenditures of \$70,000 annually for administration. This estimate assumes participation, in the first year, of 1,365 eligible householders (based on Illinois participation rates).

The estimated fiscal impact of this bill, based upon the receipt of additional information, is:

**Decrease Local Govt. Revenues - \$393,400 First Year / Net Impact / Permissive
\$590,100 Second Year / Net Impact / Permissive**

Increase Local Govt. Expenditures - \$50,000 / Permissive

Assumes administrative expenses for local governments of \$50,000.

Estimates of decrease in revenues based on the following:

- Approximately 273,000 eligible householders in Tennessee.
- Participation of 546 eligible householders in the first year and 819 participants in the second year (based on Illinois participation rates).
- Median home sales in Tennessee were \$79,900 in 1995.
- Estimated composite property tax rate of \$2.742.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director